



# FloorPrep

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Legislative Digest

Thursday, April 13, 2000

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J.C. Watts, Jr.  
Chairman  
4th District, Oklahoma

*House Meets at 10:00 a.m. for Legislative Business*

*Anticipated Floor Action:*

**H.Con.Res. 290 - FY 2001 Budget Resolution (Conference Report)**

**H.R. 4199 - Date Certain Tax Code Replacement Act**

**H.R. 3615 - Rural Local Broadcast Signals Act**

**H.R. 3439 - Radio Broadcasting Preservation Act of 2000**

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**H.Con.Res. 290 - FY 2001 Budget Resolution Conference Report**

**Floor Situation:**

The House is scheduled to consider the conference report H.Con.Res. 290 on Thursday, April 13, 2000. The rule waives all points of order against the conference report and against its consideration. Additionally, the rule provides one hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on the Budget.

**Conference Highlights**

**Tax Cuts**

The conference report to H.Con.Res. 290 establishes a blueprint for the congressional budget for FY 2001 and sets budget levels for FYs 2002-2005. While maintaining the discretionary spending caps established by the 1997 Balanced Budget Act (*P.L. 105-33*), the measure calls for tax cuts of up to \$150 billion next year (fully offset by non-Social Security surplus funds). The conference agreement's tax cut provisions provide for the House-passed marriage penalty and small business tax relief, as well as education and health care assistance.

## Social Security and Medicare

The conference report reserves the entire \$161 billion Social Security surplus to provide long-term solvency of Social Security. The report calls for the creation of a reserve fund of \$40 billion over 5 years to accommodate prescription drug coverage and Medicare reform—the same amount as in the House-passed resolution.

## Debt Reduction

The conference agreement reduces debt held by the public by approximately \$1 trillion over 5 years and retires the public debt entirely by 2013.

## National Defense

The measure provides \$310 billion for national defense in FY 2001, an increase of \$3.5 billion over the House level and is 7 percent more than the FY 2000 level for the armed forces. The defense spending levels in the budget agreement are \$4.5 billion above the Administration request.

## Education and Science

The conference report provides for \$72.6 billion for education and training, including a 9.4 percent increase for elementary and secondary education. The Individuals with Disabilities Act (IDEA) funding has been increased by nearly \$2 billion. There is an additional \$1 billion for research into basic sciences and space.

Specifically, the resolution calls for the following spending (in billions):

	House Budget	Conference Report
<b>National Defense:</b>	\$307.3 (BA), \$298.6 (O)	\$310.8 (BA), \$297.7 (O)
<b>Education, training, and employment services:</b>	\$72.6 (BA), \$69.2 (O)	\$72.6 (BA), \$68.7 (O)
<b>Medicare spending:</b>	\$215.7 (BA), \$216 (O)	\$217.7 (BA), \$218 (O)
<b>International affairs:</b>	\$19.5 (BA), \$17.3 (O)	\$19.8 (BA), \$18.3 (O)
<b>Transportation:</b>	\$59.2 (BA), \$50.3 (O)	\$59.3 (BA), \$50.5 (O)
<b>Social Security:</b>	\$422.8 (BA), \$422.7 (O)	\$427.1 (BA), \$427.0 (O)

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## H.R. 4199 - Date Certain Tax Code Replacement Act

**Floor Situation:** The House is scheduled to consider H.R. 4199. Yesterday the Rules Committee granted a closed rule, providing for one hour of general debate divided equally between the chairman and ranking minority member of the Ways and Means committee. The rule also provides for one motion to recommit, with or without instructions.

H.R. 4199 sunsets the current tax code effective December 31, 2004, but exempts taxes relating to Social Security and Medicare, commonly known as payroll taxes (FICA). Additionally, the bill requires that Congress approve a replacement tax code no later than July 4, 2004 in order to ensure a smooth transition to the new system at the beginning of 2005. The measure also establishes a bipartisan 15 member National Commission on Tax Reform and Simplification. The commission will begin meeting sixty days after the bill's enactment, and must report to Congress within 18 months after their first meeting on a new, fairer and more simple tax code. The purpose of the measure is not to have the government operate without a tax code, rather it is to foster a national dialogue on a way to replace the current income tax system with one that is fairer, less complicated, and less burdensome to working Americans.

H.R. 4199 does not address any replacement option directly or indirectly. It is only intended to guarantee action on the part of future Congresses to put into place a better form of federal income tax. The bill's provision to sunset the tax code by a certain date ensures that either (1) a new tax code is implemented that reflects the priorities of American taxpayers, or (2) Congress is forced to repeal the date-certain sunset law and address the issue of tax reform according to the public will. At the time of publication no cost estimate on the bill was available. The bill was introduced by Mr. Largent on April 6, 2000.

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## H.R. 3615 - Rural Local Broadcast Signal Act

**Floor Situation:** the House is scheduled to consider H.R. 3615. The Rules committee met last night and issued a closed rule that provides for one our of debate equally divided between the chairman and ranking member of the Agriculture and Commerce Committees. Also, the rule provides that *in lieu* of committee amendments recommended by the Committees on Agriculture and Commerce an amendment in the nature of a substitute printed in the report accompanying the resolution shall be considered as adopted.

### Highlights

H.R. 3615 amends the Rural Electrification Act of 1936 in order to provide local television networks to rural satellite customers. The bill authorizes the Administrator of the Rural Utilities Service (RUS) to provide loan guarantees to rural communities for building or improving satellite, cable television and multi-channel video distribution infrastructures. The purpose of the bill is to ensure improved access of local television signals into unserved or underserved rural areas by December 31, 2006.

The Administrator is authorized to guarantee up to \$1.25 billion in guaranteed loans to multichannel video service providers, including direct broadcast satellite licensees. The RUS may guarantee up to 80 percent

of a private loan. A single guaranteed loan may be for as much as \$625 million, but all other loans must be \$100 million or less. Qualifying loans will be payable in full within the lesser of 25 years or the useful life of the assets purchased. Priority for loans will be given to projects that provide service to the most underserved market areas and/or offer a separate tier of local broadcast signals that are cost-efficient. The language of the bill is technology neutral; the borrower can use any delivery mechanism to provide the television signals.

A borrower is eligible for a loan guarantee if the following provisions are met: (1) the loan is approved in advance by an appropriations Act; (2) the proceeds of the loan are not used for operating expenses; (3) the National Telecommunications and Information Administration (NTIA) certifies that the issuance is consistent with the purposes of improving rural access to local television signals via satellites; (4) the Administrator determines that repayment is reasonably expected based on credit risk premiums and collateral offered by the applicant; and (5) the borrower has sufficient insurance to protect the interests of the federal government.

The resolution considered as adopted by the rules committee does not include an amendment offered by Mr. Oxley, which was included in the bill reported by the Commerce Committee. This amendment requires the FCC to conduct an independent study certifying that any proposed land based services would not interfere with satellite service eligible for a loan guarantee under the bill prior to any loan guarantee being granted under the bill.

## Background

In a recent report on competition in the multichannel video programming distribution (MVPD) markets the Federal Communications Commission found that while incumbent cable operators maintain a dominant share of the market satellite television, direct broadcast satellite (DBS) in particular, was making significant inroads. Between 1998 and 1999 DBS subscribership rose from 7.2 million to 10.1 million. The FCC also found that this trend is likely to continue. The Satellite Home Viewer Improvements Act provides satellite compulsory license to carry local broadcast signals into their market of origination (known as “local-into-local”). In markets where carriers offer local-into-local programming consumers will have a complete alternative to cable television. This has already begun to happen with the largest satellite services, such as DirecTV and EchoStar and it is estimated that in the long run local-into-local will be offered to 70 percent of American households.

However, the remaining 30 percent of households found in sparsely populated areas would still have the same options that existed prior to enactment of the SHVIA. These include receiving their local networks from over-the-air reception or through cable retransmission. Unfortunately, some rural areas receive no cable retransmissions and experience poor over-the-air reception, if any at all. The likelihood that satellite carriers may not provide local-into-local service to rural areas has prompted lawmakers to call for government intervention.

The CBO estimates that the bill will increase discretionary spending by \$210 million in the period 2000-2005. H.R. 3615 was introduced by Mr. Goodlatte *et.al.* on February 10, 2000.

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## H.R. 3439-Radio Broadcasting Preservation Act

**Floor Situation:** The House will consider H.R. 3439 under an open rule, which provides one hour of general debate to be equally divided between the chairman and the ranking minority member of the Committee on Commerce. This rule makes in order the Committee on Commerce amendment in the nature of a substitute as base text for further amendment, waives points of order against the committee amendment and provides that it shall be open to amendment, according to the priority established by the Chair for members who have pre-printed their amendments in the *Record*. The rule provides for one motion to recommit, with or without instructions.

**Summary:** H.R. 3439 allows the Federal Communications Commission (FCC) to continue to issue proposed low-power FM (LPFM) radio licenses so long as they comply with current interference standards. Additionally, the FCC will be required to conduct a field test in nine radio markets around the country to determine the effect of lessening interference standards on radio listeners, incumbent high-power radio broadcasters, the transition to digital radio broadcasting, stations that provide a reading service for the blind to the public, and FM radio translator stations. Additionally, the FCC will submit a report to Congress with a recommendation on lessening interference standards in order to issue more LPFM licenses.

**Amendments:** At press time, the *Legislative Digest* was aware of the following amendment:

**Mr. Barrett (WI)** may offer an amendment that strikes the provision directing Congress not to act to alter the minimum distance separations without Congressional authority. This amendment gives the FCC authority to alter the distance separations after the Congress has six months to review the results of the pilot program. **Staff Contact: Bryan George, x5-3571**

**Views:** The Republican Leadership supports passage of the bill. The Clinton Administration opposes passage of H.R. 3439 because it would restrict the ability of the FCC to license community-oriented, non-commercial, low-power FM radio service.

**Additional Information:** See *Legislative Digest*, Vol. XXIX, #10, April 7, 2000

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